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**GRAND ISLE
VOLUNTEER FIRE COMPANY NO. 1
(GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9
OF JEFFERSON PARISH**

**ANNUAL FINANCIAL REPORT
Year Ended December 31, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/13/05

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the President and Board of
Grand Isle Volunteer Fire Company No. 1 (GIVFD)
Grand Isle, Louisiana

I have audited the accompanying financial statements of the governmental activities and each major fund (i.e., the General Fund) of Grand Isle Volunteer Fire Company No. 1 ("GIVFD"), a non-profit entity d/b/a Fire Protection District No. 9 of Jefferson Parish, as of and for the year ended December 31, 2004, which collectively comprise GIVFD's basic financial statements as listed in the table of contents. These financial statements are the responsibility of GIVFD's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of GIVFD as of December 31, 2004 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 22, 2005, on my consideration of GIVFD's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

As described in Note H to the basic financial statements, GIVFD adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*", GASB Statement No. 36, "*Recipient Reporting for Certain Shared Non-exchange Revenues*", GASB Statement No. 37, "*Basic Financial Statement - and Management's Discussion and Analysis -for State and Local Governments - Omnibus*", GASB No. 38, "*Certain Financial Statement Note Disclosures*", and GASB Interpretation No. 6, "*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*". These new standards result in a change in the format and content of the basic financial statements.

The Management's Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

In addition, the individual fund statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Paul C. Rina, CPA

June 22, 2005

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 ("GIVFD")
PO BOX 550
GRAND ISLE, LA 70358

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Grand Isle Volunteer Fire Company No. 1 ("GIVFD"), a non-profit entity d/b/a Fire Protection District No. 9 of Jefferson Parish, we offer readers of GIVFD's financial statements this narrative overview and analysis of the financial activities of GIVFD for the fiscal year ended December 31, 2004.

We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- GIVFD was required to adopt the requirements of Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, for the fiscal year ended December 31, 2004. Thus, the format and contents of the financial report have changed significantly from the previous year. Because the restatement of the prior year financial statements into the new format was impractical, this year's management's discussion and analysis will only focus on the current year. In the future, as comparative statements are available, financial comparisons will be explained from year to year.
- The assets of GIVFD exceeded its liabilities at the close of the most recent fiscal year by \$606,441 (*net assets*). Of this amount, \$484,503 or 79.9 percent is invested in capital assets, such as vehicles and firefighting equipment. The remaining balance of \$121,938 (*unrestricted net assets*) or 20.1 percent may be used to meet the government's ongoing obligations to citizens and creditors.
- GIVFD's total net assets decreased by \$(51,156) or 7.8 percent during the current year because total expenses exceeded total revenues by that amount. The major item contributing to this loss was an increase in salaries of \$40,862 due to raises and the hiring of a new full-time employee.
- As of the close of the current fiscal year, GIVFD's governmental fund (the General Fund) reported ending fund balance of \$121,938, a decrease of \$47,924 or 28.2 percent in comparison with the prior year. Approximately \$121,938 or 100.0 percent of this total amount, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$121,938 or 26.4 percent of total general fund expenditures.

- GIVFD had no outstanding long-term debt at December 31, 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to GIVFD's basic financial statements. As noted above, GIVFD's adoption of GASB Statement No. 34 significantly changed the format and presentation of GIVFD's financial report. GIVFD's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The "government-wide financial statements" are designed to provide readers with a broad overview of GIVFD's finances, in a manner similar to a private-sector business.

The "Statement of Net Assets" presents information on all of GIVFD's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of GIVFD is improving or deteriorating.

The "Statement of Activities" presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements are designed to distinguish functions of GIVFD that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). It should be noted that GIVFD only has governmental activities.

The government-wide financial statements include only the financial activities of GIVFD, which are made up of the "private" account and the "public funds" account.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund financial statements. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. GIVFD, because it is a "quasi-public" entity, uses fund accounting like state and local governments to ensure and demonstrate compliance with finance-related legal requirements.

GIVFD's funds can be classified into three categories: governmental funds, proprietary funds, and fiduciary funds. As discussed below, GIVFD only presents governmental funds.

Governmental funds. “Governmental funds” are used to account for essentially the same functions reported as “governmental activities” in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for “governmental funds” with similar information presented for “governmental activities” in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between “governmental fund” and “governmental activities”.

GIVFD maintains only one fund (the General Fund). Information is presented in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General fund.

GIVFD is a “quasi-public” entity and is not required to adopt an annual budget. Thus, a budgetary comparison statement is not shown.

The basic governmental fund financial statements can be found on pages 15 to 18 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 to 26 of this report.

Other information. Individual fund statements and schedules, which show additional detailed financial information on the General Fund, is found on pages 28 and 29.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of GIVFD, assets exceeded liabilities by \$606,441 at December 31, 2004.

A large portion of GIVFD's net assets (79.9 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and fixtures, vehicles and firefighting equipment), less any related debt used to acquire those assets that is still outstanding. GIVFD used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although GIVFD's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1

	Governmental Activities 2004	
Current and other assets	\$ 142,665	
Capital assets	484,503	
Total assets	627,168	
Long-term liabilities outstanding	0	
Other liabilities	20,727	
Total liabilities	20,727	
Net assets:		
Invested in capital assets, net of related debt	484,503	79.9%
Restricted	0	0.0%
Unrestricted	121,938	20.1%
Total net assets	\$ 606,441	

The balance of *unrestricted net assets* (\$121,938 or 20.1 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At December 31, 2004, GIVFD is able to report positive fund balances in all three categories of net assets.

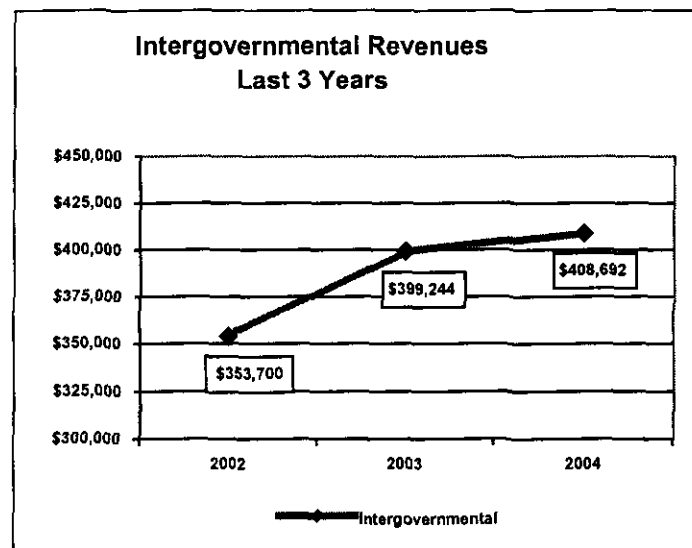
GIVFD's net assets decreased by \$(51,156) during the current fiscal year.

Governmental Activities. Governmental activities increased GIVFD's net assets by \$(51,156). Key elements of this increase are as follows:

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1

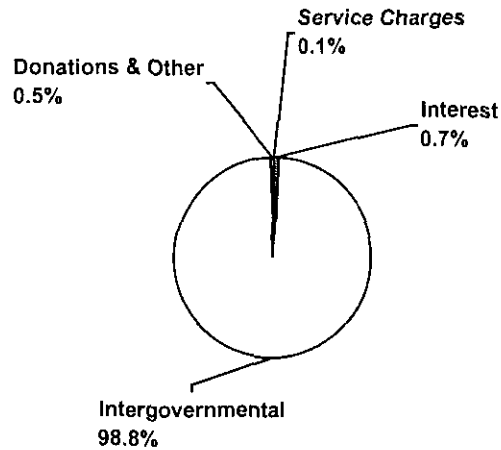
	Governmental Activities 2004	
Revenues:		
Program revenues:		
Charges for services	\$ 213	0.1%
Operating grants and contributions	-	0.0%
Capital grants and contributions	-	0.0%
General revenues:		
Intergovernmental	408,692	98.8%
Unrestricted interest	2,838	0.7%
Unrestricted gifts and donations	1,270	0.3%
Miscellaneous	709	0.2%
Total revenues	413,722	100.0%
Expenses:		
Public Safety	464,878	100.0%
Total expenses	464,878	100.0%
Increase in net assets	(51,156)	
Net assets - Beginning of year	657,597	
Net assets - end of year	\$ 606,441	

- Intergovernmental revenues come from the Parish of Jefferson and the State. The Parish levies an ad valorem tax in Grand Isle and remits a certain amount to GIVFD each month to provide funding to the Fire District. This allocation came in at \$402,000 for 2004 (which is \$9,000 more than the prior year). The increase is due to higher assessed values of property taxes, along with the millage increase in 2001. The State remits a fire insurance rebate to each fire company. For 2004, this amount was \$6,692.



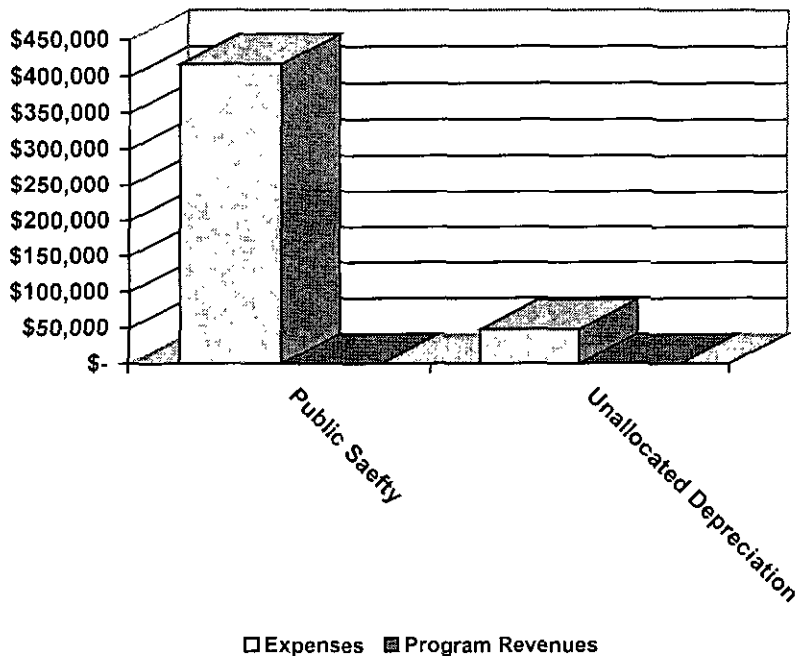
A breakdown of the revenues received by GIVFD's governmental activities is as follows:

Revenues by Source - Governmental Activities



Expenses totaled \$464,878, including current year depreciation of \$47,996. As an fire district, the only function GIVFD provides is the public safety function. These expenses of GIVFD were offset by program revenues (service charges and grants) totaling \$213 (see above), leaving a net revenue (cost) to citizens of GIVFD of \$(464,665). The cost is funded by the general revenues discussed above. A graph comparing the expenses with the program revenue generated is presented below.

Expenses and Program Revenues by Function/Bureau



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

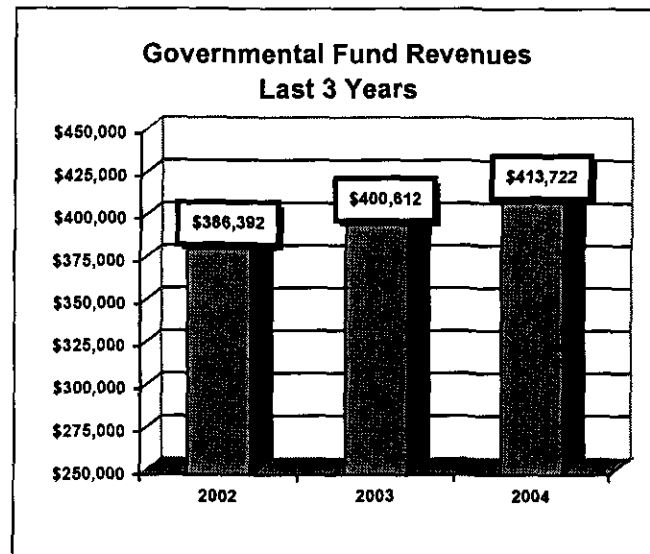
As noted earlier, GIVFD uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of GIVFD's "governmental funds" is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing GIVFD's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2004, GIVFD's governmental fund (i.e., the General Fund) reported ending fund balance of \$121,938, a decrease of \$(47,924) or 28.2 percent in comparison with the prior year. Approximately \$121,938 or 100.0 percent of this total constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

As noted above, the governmental funds include the general operating funds of GIVFD (i.e., the General Fund). Overall, as the graph shows, revenues of the Governmental Funds increased slightly over the past year. Because of the small size of the operating fund, operating and capital grants can create large swings in revenues when recognized.

As a measure of the General fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 26.4 percent of total general fund expenditures.



The fund balance of GIVFD's General fund decreased by \$(47,924) during the current fiscal year. Key factors in this change are as follows:

- The General Fund's revenues totaled \$413,722 while expenditures totaled \$461,646.
- Revenues increased by \$13,110 over the prior year, mainly because of:
 - Intergovernmental allocation (i.e., Property taxes) increasing \$9,000 due to increases in the assessed value of property in the parish.
 - Interest income increased \$2,838 as funds were invested in interest earning accounts.

- Expenditures totaled \$461,646 or \$110,258 higher than the previous year.
 - Personnel and related costs increased by \$53,955 due to increases of \$40,861 in salaries (due to raises and the hiring a new full-time employee), \$5,883 in health insurance (rate increases and new employee), and \$4,929 in workmen's compensation insurance (rate increase plus new employee),
 - General and administrative costs went up \$28,594 primarily because of increases in station supplies,
 - Emergency training and supplies increased by \$8,640 due purchases of uniforms and additional training courses,
 - Repairs and maintenance was up \$16,660 as repairs to the fire house doors, the kitchen areas, and the fire trucks were completed,

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. GIVFD's investment in capital assets for its governmental activities as of December 31, 2004 amounts to \$484,503 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture and fixtures, heavy equipment, and vehicles. GIVFD's investment in capital assets decreased by \$(3,232) or 0.7 percent this year.

Major capital asset events during the current fiscal year included the following:

- \$8,167 was spent on furniture and fixtures in conjunction with the renovation of the kitchen and sleeping areas (primarily sofas, a refrigerator, workout equipment, etc.)
- \$36,597 was spent on vehicles and firefighting equipment (primarily waverunners, a new lawnmower, and fire gear (SCBAs)
- \$47,996 was recognized as depreciation expense.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities 2004
Land	\$ 39,800
Buildings	231,592
Furniture and fixtures	19,588
Vehicles and firefighting equipment	193,523
Total	<u>\$ 484,503</u>

Additional information on GIVFD's capital assets can be found in Note D.2 on page 24.

Long-term Debt. At the end of 2004, GIVFD had no outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

- The unemployment rate for the Parish of Jefferson is currently 4.9 percent, which is 0.3 percent higher than it was a year ago. In the coastal community of Grand Isle, which is heavily dependent on offshore oil and commercial fisheries (primarily shrimping), the rate is much higher.
- Inflationary trends in the region compare favorably to national indices.
- The ad valorem millage rate levied for the 2004 (next year's) tax roll was 17.22 mills. This amount was "rolled-back" due to 2004 being a reassessment year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of GIVFD's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Grand Isle Volunteer Fire Company, No.1, President, PO Box 550, Grand Isle, Louisiana 70358.

BASIC FINANCIAL STATEMENTS

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 131,489
Investments	-
Receivables (net of allowance for uncollectibles)	-
Other assets	11,176
Capital assets (net of accumulated depreciation)	
Land	39,800
Buildings	231,592
Furniture and fixtures	19,588
Vehicles and firefighting equipment	193,523
TOTAL ASSETS	627,168
LIABILITIES	
Accounts payable and other current liabilities	9,866
Accrued payroll and deductions	10,861
Deferred revenue	-
Noncurrent liabilities:	
Due within one year	-
Due in more than one year	-
TOTAL LIABILITIES	20,727
NET ASSETS	
Invested in capital assets, net of related debt	484,503
Restricted for:	
Debt service	-
Other	-
Unrestricted	121,938
TOTAL NET ASSETS	\$ 606,441

The accompanying notes are an integral part of this statement.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

FUNCTION	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Primary Government					
Governmental Activities:					
Public Safety	\$ 416,882	\$ 213	\$ -	\$ -	\$ (416,669)
Unallocated depreciation expense	47,996	-	-	-	(47,996)
Interest on long-term debt	-	-	-	-	-
Total governmental activities	<u>\$ 464,878</u>	<u>\$ 213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(464,665)</u>
GENERAL REVENUES:					
Intergovernmental - Parish Allocation of Property Taxes					402,000
Intergovernmental - State Fire Insurance Rebate					6,692
Unrestricted interest					2,838
Gain (loss) on sale of equipment					-
Unrestricted gifts and donations					1,270
Other					709
TRANSFERS IN (OUT)					
TOTAL GENERAL REVENUE AND TRANSFERS					<u>413,509</u>
CHANGE IN NET ASSETS					(51,156)
NET ASSETS					
Beginning of Year					657,597
End of Year					<u>\$ 606,441</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1

d/b/a

FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2004

	<u>General Fund</u>
ASSETS	
Cash and Certificates of Deposit	\$ 131,489
Accounts Receivable	-
Prepaid expenses	11,176
TOTAL ASSETS	<u><u>\$ 142,665</u></u>
LIABILITIES, EQUITY & OTHER CREDITS	
Liabilities:	
Accounts payable	\$ 2,468
Premiums payable	7,398
Salaries and related taxes payable	10,861
Total Liabilities	<u><u>20,727</u></u>
Equity & Other Credits:	
Fund Balance	
Unreserved, undesignated	121,938
Total Equity & Other Credits	<u><u>121,938</u></u>
TOTAL LIABILITIES, EQUITY & OTHER CREDITS	<u><u>\$ 142,665</u></u>

The accompanying notes are an integral part of this statement.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2004

Amounts reported for governmental activities in the Statement of Net Assets (page 13) are different because:

Total Fund Balances at December 31, 2004 - Governmental Funds (page 15)	\$	121,938
<i>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$1,253,199 and the accumulated depreciation is \$768,696.</i>		484,503
<i>Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:</i>		
Notes Payable		-
Total Net Assets of Governmental Activities at December 31, 2004 (page 13)	\$	<u>606,441</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1

d/b/a

FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE**

FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General Fund</u>
REVENUES	
Intergovernmental	\$ 408,692
Service charges and reimbursements	213
Donations and gifts	1,270
Interest	2,838
Miscellaneous	709
TOTAL REVENUES	<u>413,722</u>
EXPENDITURES	
Current	
Public Safety	
Personnel and related costs	253,783
General and administrative costs	80,640
Emergency training and supplies	22,893
Repairs and maintenance	56,514
Miscellaneous	3,052
Capital outlay	44,764
Debt Service	
Principal	-
Interest	-
TOTAL EXPENDITURES	<u>461,646</u>
EXCESS OF REVENUES OVER EXPENDITURES	(47,924)
OTHER FINANCING SOURCES	
Capital lease	-
Loan proceeds	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>(47,924)</u>
FUND BALANCE	
Beginning of year	169,862
End of year	<u>\$ 121,938</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

Amounts reported for governmental activities in the Statement of Activities (page 14) are different because:

Net change in fund balances - total governmental funds (page 17)	\$	(47,924)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(3,232)
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		-
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The issuance of long-term debt (e.g., notes payable, leases) provides current financial resources to the governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		-
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Change in net assets of governmental activities (page 14)	\$	<u>(51,156)</u>
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The accompanying notes are an integral part of this statement.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Grand Isle Fire Company No. 1 (GIVFD), a non-profit entity d/b/a Fire Protection District No. 9 of Jefferson Parish, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units under the legal premise that GIVFD is a "quasi-public" corporation. Quasi-public corporations are non-profit or private companies who are created to perform a public service and which receive the majority of their funding from public funds (i.e., taxes, grants, etc.). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of GIVFD's accounting policies are described below.

1. Reporting Entity

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and its component units. Component units are defined as *legally separate organizations for which the elected officials of a primary government are financially accountable*. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Fire District No.9 of Jefferson Parish (the "District") was created by Parish Ordinance to provide fire protection services to the citizens of the Town of Grand Isle and the surrounding area. The District is currently funded by a 20 mill ad valorem tax levied by the District via the Parish Council and is governed by the same Council that governs the Parish. As such, the District is reported as a component unit within the Parish's financial statements.

Under a cooperative endeavor agreement, the daily operations of the District are contracted out to Grand Isle Volunteer Fire Company No. 1 (GIVFD). GIVFD was incorporated on April 25, 1969 as a non-profit service corporation under Section 501(c)(3) of the Internal Revenue Code. GIVFD has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provide in Section 170(b)(1)(A)(vi). GIVFD is governed by a President and a 5 member Board of Directors which are elected by the membership. The accompanying statements report transactions related only to those of GIVFD.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of GIVFD. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Because of the nature of GIVFD's operations, GIVFD reports only governmental activities.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Funds are used by GIVFD to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The funds of GIVFD are classified into the "governmental" category. The category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all financial activities of the general government not accounted for in some other fund.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GIVFD reports the following major governmental funds:

The *General Fund* is the general operating fund of GIVFD. It is used to account for all financial resources and expenditures. It includes the activity of the "private" account, as well as the "public funds" account.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using a *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Intergovernmental revenues received from the Parish in connection with the cooperative endeavor agreement are recognized in the year to be benefitted. All other service charges and intergovernmental revenues are recognized as received. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recognized as expenditures only when payment is due.

4. Budgets

As a quasi-public corporation, GIVFD is not required to adopt a budget, therefore, a budget to actual statement is not presented in the accompanying financial statements. An informal budget is adopted for internal purposes for the General Fund.

5. Assets, Liabilities, and Net Assets or Equity

A. *Cash and Investments*

For reporting purposes, cash and cash equivalents includes amounts in demand deposits, time deposits, and certificates of deposit. This includes the balances in the "private" account, as well as the "public funds" account.

Investments, if any, are stated at fair value, except for investments in government securities with maturities less than 1 year, which are stated at cost or amortized cost.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Inventories

The cost of materials and supplies acquired by GIVFD are recorded as expenditures at the time of purchase. It is management's opinion that the inventory of such materials and supplies at December 31, 2004 would not be material to the financial statements.

C. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by GIVFD as assets with an initial, individual cost of more than \$100 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed and are included in construction in progress. The levees and breakwaters are divided into reaches and are capitalized as such. Any major "lifts" or improvements to an existing levee/reach is capitalized as an addition to that levee/reach.

Property, plant, equipment, and infrastructure is depreciated using the straight-line method (with a mid-year convention) over the following estimated useful lives:

Asset Category	Useful Life in Years
Buildings	20
Furniture and fixtures	3 to 5
Vehicles and firefighting equipment	5 to 10
Infrastructure (if any)	40

D. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designated fund balances represent tentative plans for future use of financial resources that are subject to change.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this (\$2,617) difference are as follows:

Capital outlay	\$ 44,764
Depreciation expense	<u>(47,996)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets - governmental activities</i>	<u><u>\$ (3,232)</u></u>

NOTE C - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Compliance with Cooperative Endeavor Agreement

As a quasi-public corporation, GIVFD is not subject to all of the general statutes governing political subdivisions and other governments within the State of Louisiana. Instead, GIVFD must comply with the terms and conditions of the cooperative endeavor agreement it has with the Parish of Jefferson. As of December 31, 2004, GIVFD was in compliance with all of the significant conditions of the agreement.

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

1. Deposits and Investments

The carrying amount of the GIVFD's deposits at December 31, 2004 was \$131,489 and the bank balance was \$130,394. All of these amounts were covered by FDIC.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

2. Capital Assets

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance December 31, 2003	Additions	Deletions	Transfe rs	Balance December 31, 2004
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 39,800	\$ 0	\$ 0	\$ 0	\$ 39,800
Total capital assets, not being depreciated	\$ 39,800	\$ 0	\$ 0	\$ 0	\$ 39,800
Capital assets, being depreciated					
Buildings & improvements	\$ 366,226	\$ 0	\$ 0	\$ 0	\$ 366,226
Furniture and fixtures	29,622	8,167	0	0	37,789
Vehicles & firefighting equipment	772,787	36,597	0	0	809,384
Total capital assets, being depreciated	1,168,635	44,764	0	0	1,213,399
Less accumulated depreciation for:					
Buildings & improvements	(123,856)	(10,778)	0	0	(134,634)
Furniture and fixtures	(16,168)	(2,033)	0	0	(18,201)
Vehicles & firefighting equipment	(580,676)	(35,185)	0	0	(615,861)
Total accumulated depreciation	(720,700)	(47,996)	0	0	(768,696)
Total capital assets being depreciated, net	\$ 447,935	\$ (3,232)	\$ 0	\$ 0	\$ 444,703
Total governmental activities capital assets, net	\$ 487,735	\$ (3,232)	\$ 0	\$ 0	\$ 484,503

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE E - ECONOMIC DEPENDENCE

In 1984, the public approved a 10 mill ad valorem tax to be levied beginning on January 1, 1985 for a period of 10 years. In 1994, the public approved a renewal of the tax for an additional 10 year period. These taxes are to provide operating funds for Fire Protection District No. 9 of Jefferson Parish. In January 1985, the Parish and GIVFD entered into a cooperative endeavor agreement whereby GIVFD would be responsible for the day-to-day operations of the District. In return, the Parish would remit to GIVFD, on a monthly basis, 1/12th of the currently budgeted revenues expected to be collected from the 10 mill tax. The original contract was for the period January 23, 1985 to January 23, 1995. The Parish and GIVFD are negotiating a new contract and are operating under the terms and conditions of the old agreement until a new contract is executed.

On January 20, 2001, the public approved an increase in the millage rate to 20 mills effective with the 2001 tax roll. 20.00 mills were levied on the 2003 tax rolls and the remittance during 2004 totaled \$402,000. The revenues from this contract account for a substantial portion(97.2 percent) of GIVFD's total revenues.

NOTE F - COMMITMENTS AND CONTINGENCIES

1. Risk Management

GIVFD is exposed to various risks of loss resulting from personal injury; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; and natural disasters. To protect against these risks of loss, the District purchases various types of insurance from commercial carriers.

Under these policies, general liability and medical malpractice coverage is provided for up to a maximum of \$1,000,000 per occurrence (\$2,000,000 in the aggregate); automobile liability coverage is provided for up to \$1,000,000; and worker's compensation is provided at the statutory limits of \$100,000/500,000/100,000. In each policy, GIVFD is responsible for the deductible.

2. Litigation

There is no litigation pending against GIVFD at December 31, 2004.

GRAND ISLE INDEPENDENT LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004

NOTE G - OTHER INFORMATION

1. Retirement

GIVFD's employees are members of the Social Security System. In addition to the employee contribution withheld at 7.65 per cent, GIVFD contributes an equal amount to the System. Aggregate pension costs for the year is \$14,389. GIVFD does not guarantee the benefits granted by the Social Security System.

In 1998, GIVFD began allowing certain employees to contribute to an IRA plan. GIVFD contributes 3 percent of the employee's gross salary as a match against that contributed by the employee. During 2004, the expense to GIVFD was \$4,699.

NOTE H - CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended December 31, 2004, GIVFD has implemented GASB No. 34, "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*", GASB Statement No. 36, "*Recipient Reporting for Certain Shared Non-exchange Revenues*", GASB Statement No. 37, "*Basic Financial Statement - and Management's Discussion and Analysis -for State and Local Governments - Omnibus*", GASB No. 38, "*Certain Financial Statement Note Disclosures*", and GASB Interpretation No. 6, "*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*".

As restatement of prior financial statements is not practical, the cumulative effect of applying these principles is reported as a restatement of beginning net assets on the Government-wide Statement of Activities . The net effect of \$487,735 was added to prior year's reported fund balances to arrive at a net asset balance at December 31, 2004 (i.e., beginning of year) of \$657,597.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

GOVERNMENTAL FUNDS - GENERAL FUND
DETAILED SCHEDULE OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General Fund</u>
Intergovernmental	
Jefferson Parish contract:	
Direct payments - ad valorem taxes	\$ 402,000
State	
Fire Insurance Rebate	6,692
	<u>408,692</u>
Service charges and reimbursements	
Commissions on vending	213
	<u>213</u>
Donations and gifts	
Others	1,270
	<u>1,270</u>
Interest	<u>2,838</u>
Miscellaneous	
Insurance proceeds	-
Sales of equipment	-
Dues	559
Other	150
	<u>709</u>
TOTAL REVENUES	<u><u>413,722</u></u>

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General Fund</u>
Public Safety	
Current	
Personnel and related costs	
Salaries	\$ 194,948
Payroll taxes	16,293
Retirement	4,699
Health insurance	18,965
Unemployment insurance	3,906
Workmens' compensation	14,972
	<u>253,783</u>
General and administrative costs	
Advertising	1,552
Bank charges	91
Bookkeeping and auditing	3,250
Dues and subscriptions	257
Office and computer supplies	11,585
Copying and supplies	-
Postage	362
Phones	8,441
Electricity	9,391
Leases - equipment	-
Licenses and certificates	775
Insurance - auto/general	18,194
Travel - meals	-
Board meeting supplies	2,458
Arson investigation	-
Groceries and supplies - station	23,038
Groceries and supplies - rodeo	1,246
	<u>80,640</u>
Emergency training and supplies	
Firefighting supplies	9,809
Awards and emblems	-
Uniforms and shirts	4,200
Training and educational	4,039
Conferences and seminars	-
Gas and oil	4,845
Decals - vehicles	-
Registration - vehicles	-
	<u>22,893</u>
Repairs and maintenance	
R & M - buildings	18,801
R & M - equipment	3,454
R & M - vehicles	34,259
	<u>56,514</u>
Miscellaneous	
Gifts, flowers, and donations	1,112
Other	1,940
	<u>3,052</u>
Capital outlay	
Buildings and grounds	-
Vehicles and rescue equipment	2,415
Equipment	34,182
Furniture and fixtures	8,167
	<u>44,764</u>
TOTAL CURRENT	<u>461,646</u>
Debt Service	
Principal	-
Interest	-
TOTAL DEBT SERVICE	<u>-</u>
TOTAL EXPENDITURES	<u>461,646</u>

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN
AUDIT PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

To the President and Board of
Grand Isle Volunteer Fire Company No. 1 (GIVFD)
Grand Isle, Louisiana

I have audited the basic financial statements of Grand Isle Fire Company No. 1 (GIVFD), a non-profit entity d/b/a Fire Protection District No. 9 of Jefferson Parish, as of and for the year ended December 31, 2004, and have issued my report thereon dated June 22, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether GIVFD's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered GIVFD's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted several matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions.

Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect GIVFD's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

The reportable conditions are described in the attached Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that the reportable conditions noted are material weaknesses.

This report is intended for the information of GIVFD's management, the Louisiana Legislative Auditor, all applicable Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, the report is distributed by the Legislative Auditor as a public document.

Paul C. Riney, CPA

June 22, 2005

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2004

I have audited the financial statements of the Grand Isle Volunteer Fire company No. 1 (GIVFD) as of and for the year ended December 31, 2004, and have issued my report thereon dated June 22, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2004 resulted in an unqualified opinion.

SECTION I - SUMMARY OF AUDITOR'S REPORTS

B. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Reportable Conditions were noted.

Material Weaknesses were noted.

Compliance:

No instances of noncompliance material to the financial statements were noted.

C. Federal Awards - not applicable

D. Identification of Major Programs - not applicable

SECTION II - FINANCIAL STATEMENT FINDINGS

Reportable Condition - Comment # 04-01

Condition - I noted that the size of GIVFD's operations is too small to provide for an adequate segregation of duties. The GIVFD's treasurer/secretary is charged with most of the responsibilities relating to the cash receipts, cash disbursement, and financial reporting cycles. GIVFD does, however, have various controls in place which tend to mitigate this problem, including (1) having another person review and initial all bank reconciliations, (2) requiring dual signatures on all checks, and (3) requiring the presentation of actual versus budget reports on a monthly basis.

Recommendation - Employing additional controls may not be cost beneficial, however, the Board should remain cognizant of the lack of segregation of duties.

Response - We are aware of the condition, however, at this point we are not in the financial position of addressing the problem. The Board is aware of the condition and will continue to monitor the financial activity of GIVFD in a timely manner.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended December 31, 2004

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

Reportable Condition - Comment # 04-02

Condition - GIVFD records its payroll transactions in the general ledger on a "net" check basis. The payroll information concerning gross pay and deductions is maintained in a separate payroll journal. An employee earnings sheet is kept on each employee recapping his/her earnings by month for W-2 purposes. During my testing of payroll expenditures, I noted several instances where the payroll journal did not agree to the amounts recorded in the general ledger and/or the employee earnings sheets. This results in the wrong taxes being remitted in some instances and incorrect W-2 forms being filed at year end.

Recommendation - The treasurer/secretary should set up a process whereby the amounts recorded in the payroll journal are reconciled to the amounts in the general ledger on a monthly basis. The employee earnings sheets should also be reconciled to the payroll journal.

Response - We will make sure that the treasurer/secretary understands the payroll process and reconciles the various payroll records. We are looking into computerizing the calculations of gross payroll and deductions in the future, which should resolve this problem.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not Applicable

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended December 31, 2004

SECTION IV - STATUS OF PRIOR YEAR FINDINGS

The status of findings and questioned costs noted in prior years is noted below:

FINANCIAL STATEMENT FINDINGS

Prior Year Comment No.	Description	Status
# 03-01	Inadequate segregation of duties.	See CY Comment # 04-01
# 03-02	Payroll not being reconciled. Incorrect W-2's.	See CY Comment # 04-02

FEDERAL AWARDS - FINDINGS AND QUESTIONED COSTS

Not applicable

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

MANAGEMENTS CORRECTIVE ACTION PLAN
December 31, 2004

In connection with the audit of the Grand Isle Volunteer Fire Company No. 1 (GIVFD), several comments were noted by our auditor which were classified as reportable conditions and/or material weaknesses. These comments are detailed in the December 31, 2004 financial report. The management of GIVFD offers the following action plan to correct the deficiencies noted:

Comment # 04-01 – Lack of segregation of duties

Management is aware of this situation. Due to lack of funds, we are not in a position to hire additional personnel to properly segregate the duties of the treasurer. We will, however, continue to monitor the financial activities and require certain mitigating controls.

Comment # 04-02 – Payroll journals not being reconciled with ledger

We are considering computerizing the payroll function (through Quickbooks) to eliminate the manual mistakes and the need to post “net” entries. We hope to have this done this year.

We hope our action plan is sufficient.

Joel Bradberry
Chief, GIVFD